

# Investors House

Construction and Real Estate  
Finland

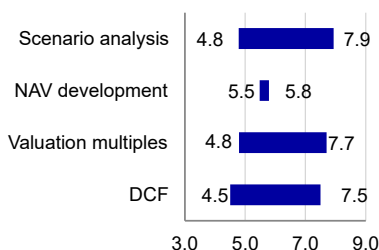
## KEY DATA

Stock country	Finland
Bloomberg	INVEST.FH
Reuters	INVEST.HE
Share price (close)	EUR 5.30
Free float	
Market cap. (bn)	EUR 0.03/EUR 0.03
Website	www.investorshouse.fi
Next report date	08 May 2024

## PERFORMANCE



## VALUATION APPROACH



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Sales	-2%	-3%	n.a.
EBIT (adj)	21%	22%	n.a.

Source: Nordea estimates

### Nordea IB & Equity - Analysts

**Svante Krokfors**  
Director

**David Flemmich**  
Associate Director

## Much relies on associated companies in 2024

Investors House reported Q4 2023 revenue of EUR 1.8m, the same as our estimate, while adjusted EBIT of EUR 1.6m (including associated companies) beat our forecast by 61%. Associated companies fared better than we expected, whereas Services profitability remained weak. Real Estate was broadly in line but EUR -1m in fair value changes weighed on earnings, as did the EUR 0.6m writedown of Juhola Asset Management in Services. Company guidance for 2024 expects a flat net result, which implies strong earnings from associated companies. The company's main focus will be on preparing the Kukkula JV project for the coming years; the JV is already delivering recurring revenues to Investors House, with an uptick expected for 2024, and development of the Kukkula project might bring additional positive surprises from a valuation perspective.

## Associated companies strong in Q4; upbeat guidance for 2024

NOI of EUR 0.6m for Q4 2023 was disappointing, a result of Services remaining weak in the quarter. Earnings were solid within Real Estate, boosted by strong associated companies performance. EPRA NRV was virtually flat q/q, at EUR 5.76. The equity ratio was also flat q/q, at 63%, which is a comfortably high level given the growing JV development pipeline and the 45% covenant level. Investors House introduced guidance for 2024 that implies a flat net result (EUR 3.5m in 2023) when including potential development gains. In our view, achieving a flat net result in 2024 requires significant earnings from associated companies and the successful development of the Kukkula JV in the city of Jyväskylä.

## We raise 2024E-25E EBIT by 21-22%

We raise our adjusted EBIT estimates by 21-22% for 2024-25 as we forecast higher income from JVs, which includes recurring revenue from rental agreements as well as development gains and possible sales of assets within the JVs. The uncertainty is high regarding the JVs, however, as the company has limited disclosure on these.

## Fair value range unchanged at EUR 4.9-7.2

We base our fair value range of EUR 4.9-7.2 (4.8-7.1) per share on a combination of valuation methods, with the greatest emphasis being on EPRA NRV. Development projects, especially the Kukkula project, contain hidden value, which could support a valuation above EPRA NRV, i.e. closer to the upper end of our valuation range in the longer term.

## SUMMARY TABLE - KEY FIGURES

EURt	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	9,465	8,043	7,603	6,857	7,029	7,169	7,313
EBITDA (adj)	333	4,149	2,260	3,897	3,192	3,439	3,549
EBIT (adj)	333	4,149	2,260	3,897	3,192	3,439	3,549
EBIT (adj) margin	3.5%	51.6%	29.7%	56.8%	45.4%	48.0%	48.5%
EPS (adj, EUR)	-0.18	0.53	0.27	0.54	0.37	0.44	0.45
EPS (adj) growth	-137.3%	396.5%	-49.0%	100.3%	-31.1%	19.5%	1.5%
DPS (ord, EUR)	0.27	0.29	0.31	0.33	0.35	0.37	0.39
EV/Sales	5.9	6.4	5.7	6.0	6.4	6.5	6.4
EV/EBIT (adj)	17.9	22.6	25.5	n.m.	37.8	34.5	13.2
P/E (adj)	n.m.	10.5	17.8	9.4	14.2	11.9	11.7
P/BV	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Dividend yield (ord)	4.7%	5.2%	6.5%	6.5%	6.6%	7.0%	7.4%
FCF Yield bef A&D, lease	2.3%	-2.1%	1.9%	-2.9%	-1.3%	1.0%	7.4%
Net debt	19,505	4,383	12,205	8,273	10,836	12,730	12,583
Net debt/EBITDA	n.m.	n.m.	2.9	2.1	3.4	3.7	3.5
ROIC after tax	0.4%	n.a.	4.1%	6.9%	5.7%	5.8%	5.8%

Source: Company data and Nordea estimates

# Deviation and revision tables

## INVESTORS HOUSE: Q4 DEVIATION FROM OUR ESTIMATES

EURt	Actual	NDA est.	Deviation		Actual	Actual	Actual	
	Q4 2023	Q4 2023E	vs. actual		Q3 2023	q/q	Q4 2022	y/y
Sales	1,839	1,841	-2	0%	1,648	12%	2,059	-11%
EBIT adj.	1,632	1,012	620	61%	768	113%	497	228%
Net operating income	554	814	-260	-32%	540	3%	654	-15%
EPS, EUR	0.01	0.14		-93%	0.08	-88%	0.37	-97%

Source: Company data and Nordea estimates

## INVESTORS HOUSE: OUR ESTIMATE REVISIONS AFTER THE Q4 REPORT

EUR THOUSANDS	New estimates			Old estimates			Difference %		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Sales	7,029	7,169	7,313	7,161	7,404	7,652	-2%	-3%	-4%
Adj. EBIT	3,192	3,439	3,549	2,645	2,829	2,947	21%	22%	20%
Net operating income	1,965	2,148	2,191	2,376	2,544	2,644	-17%	-16%	-17%
Adj. EPS, EUR	0.37	0.48	0.49	0.33	0.35	0.36	14%	39%	38%

Source: Nordea estimates

# Factors to consider

Investors House is a real estate investment company with a focus on residential and office properties. It mainly operates in the regional growth centres of Finland. The company provides services and expanded its business into real estate funds in 2018. Investors House has a strong balance sheet, which bodes well for acquisitions or the expansion of existing business areas. After the acquisition of Juhola Asset Management, services have become an increasingly important part of Investors House, accounting for 51% of sales in Q4 2023. In June 2022, Investors House acquired Infonia Oy, a service company within real estate asset management with annual net sales of EUR 0.7-1.1m and earnings of EUR 0.2-0.5m in 2018-21. The key focus going forward and value-creation potential comes from the Kukkula real estate project in Jyväskylä, Finland, where Investors House has a 33% stake with two other operators in the JV.

## Diversified business model

Investors House is a real estate company that deals in residential and office properties, with an increasing focus on services and investment products through its Services segment. The company has historically bought and sold properties efficiently and streamlined its portfolio, especially during 2019, and this continued in H2 2021 with the divestment of residential properties and IVH Kampus.

Investors House has grown quite aggressively since mid-2015, when the current CEO, chairman and vice chairman became owners. The Real Estate and Services segments have expanded, mainly through acquisitions. We expect the good growth pace to continue, especially in the Services segment. Investors House decided to distribute its 20.4% stake in Ovaro (formerly Orava REIT) to its shareholders, which was completed at the end of 2020. EPRA NRV declined from EUR 8.27 at the end of 2021 to EUR 6.23 at the end of Q4 2022. Investors House distributed a EUR 1 extra dividend after the end of 2021, which explains a large part of the decline in EPRA NRV, which was EUR 5.76 in Q4 2023. The stock is currently trading at a ~10% EPRA NRV discount, slightly down from ~15% after the Q3 report.

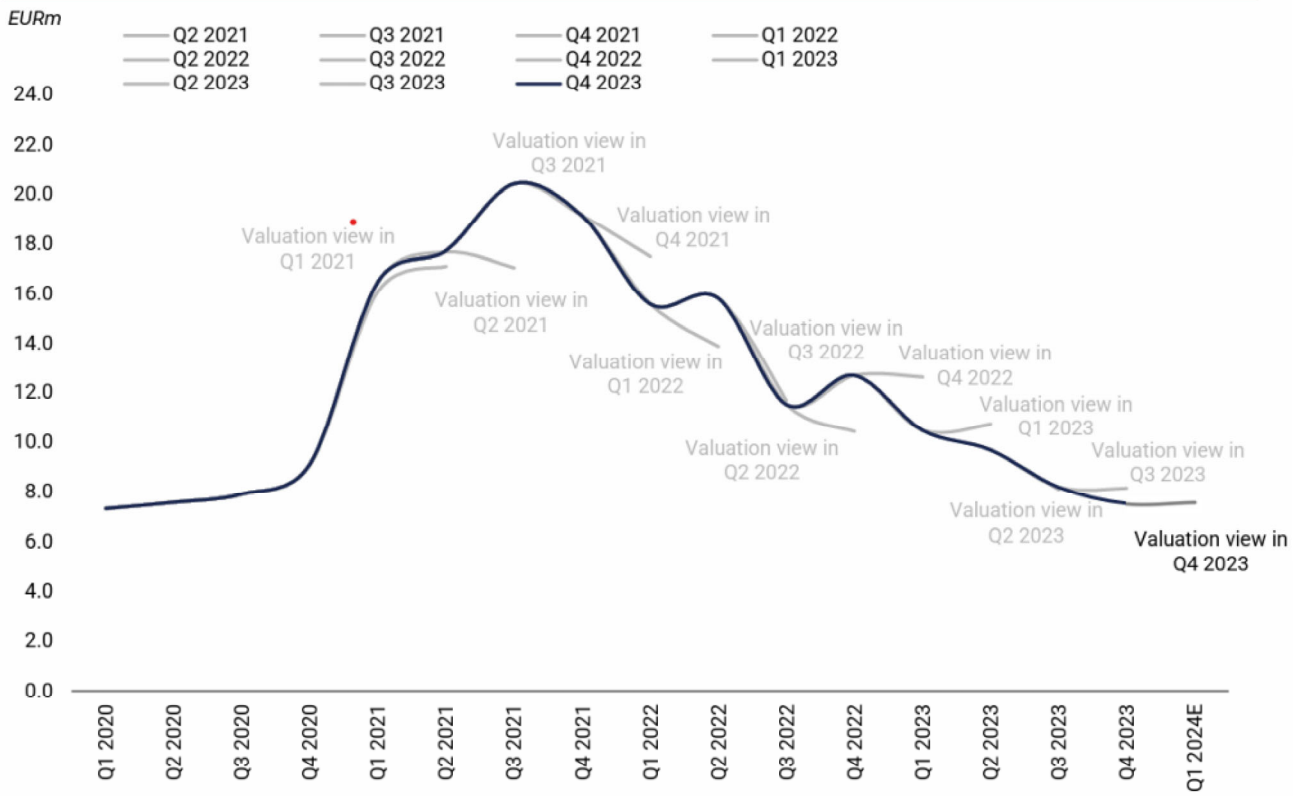
## EPRA NRV CALCULATION

EURm	31/12/2023
EPRA NTA	28.3
Fair value of services and other	8.4
EPRA NRV	36.7
EPRA NRV per share (EUR)	5.76

Source: Company data

**FAIR VALUE DEVELOPMENT OF INVESTORS HOUSE'S SERVICES BUSINESS**

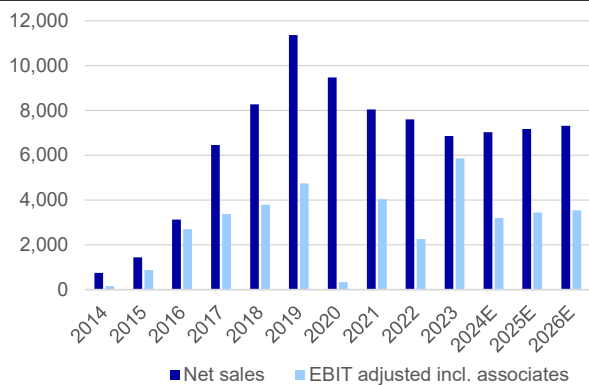
**Fair value development<sup>1</sup>**



Source: Company data

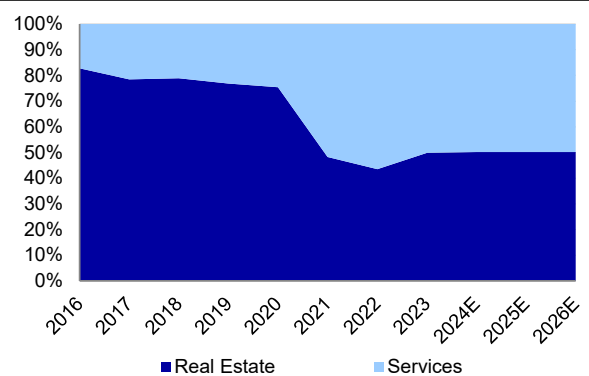
The Services segment has low capital needs and good scalability, as the company intends to expand into real estate funds, where it hopes to utilise its existing real estate investor base of around 10,000 clients. We believe the segment has good earnings potential and provides stability, as its revenues come from the services and fund management fees. An external evaluator has valued the Services business at EUR ~9m.

**SALES AND ADJUSTED EBIT (EUR THOUSANDS)**



Source: Company data and Nordea estimates

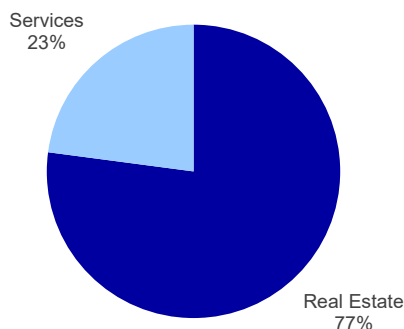
**SPLIT OF NET SALES BY DIVISION**



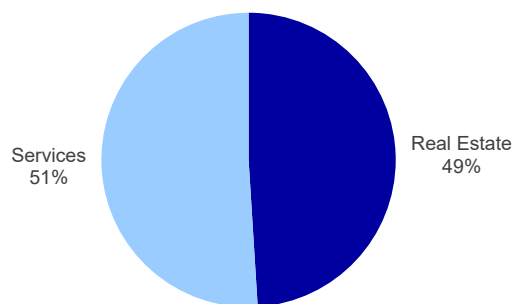
Source: Company data and Nordea estimates

**Balanced investment portfolio**

In Q4 2023, 49% of group sales came from the Real Estate business and 51% from Services.

**EPRA NRV CONTRIBUTION, Q4 2023**

Source: Company data and Nordea

**SALES BY SEGMENT, Q4 2023**

Source: Company data and Nordea

**Robust financial position**

Investors House has a strong balance sheet, with a Q4 2023 equity ratio of 63% following several divestments in H2 2021 and the positive fair value gain in the JV in Q2 2023. The equity ratio is above the company's target of 45%, a level at which the covenants on bank loans stand, as we understand it. We believe Investors House will fund its expansion with new debt and expect the equity ratio to remain above the long-term target. The company had a gross cash position of EUR ~8m at the end of Q4 2023 and, according to management, investment capacity of EUR 20-30m, given its high equity ratio, which enables increased gearing.

**Slight discount to NAV and stable dividend**

Investors House is currently trading at a 10% discount to EPRA NRV; the discount narrowed somewhat after the Ovaro share distribution and the distribution of a EUR 1 extra dividend. After the Q3 2023 report, the discount was 15%. The company has paid a stable, increasing dividend, with yields of 4.7-6.5% for the past four years. We expect an annual dividend of EUR 0.35-0.39 per share for 2024-26, which corresponds to a dividend yield of 6.6-7.4%.

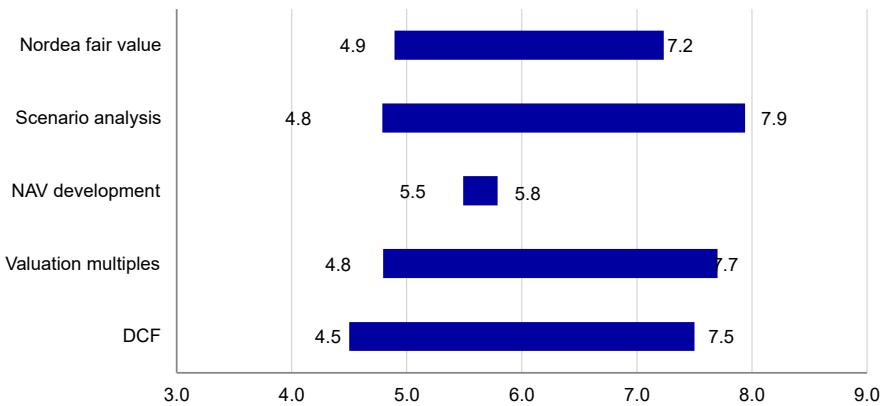
**Valuation**

When combining our valuation methods, we derive a fair value range of EUR 4.9-7.2. As the company is in the midst of a transformation process, we emphasise a scenario-based sum-of-the-parts (SOTP) approach to give a better picture of where value will come from in the future and how each part of the company is valued. We also use an NRV SOTP to show the short-term NAV development and asset revaluation potential.

In our fair value, we put less focus on DCF and multiples valuation methods, as they are sensitive to changes. Peer multiples offer a broad valuation range, but there is no direct competitor with a similar business structure (residential, office, service and investment company aspects), so a multiples-based valuation is less reliable. A DCF valuation is easy to understand but sensitive to changes in the parameters, hence we put less focus on it.

The latest reported EPRA NRV was EUR 5.76, i.e. near the midpoint of our fair value range of EUR 4.9-7.2 per share. The low end of our range corresponds to a ~15% discount to the latest reported adjusted EPRA NRV, and the high end to a premium of ~25%. We see limited risk of asset writedowns in Investors House's high-yielding assets, as to our understanding there has been next to no yield compression in the portfolio over the past few years.

**VALUATION (EUR/SHARE)**



Source: Nordea estimates

# Detailed estimates

## DETAILED ESTIMATES (EUR THOUSANDS; EPS IN EUR)

EUR THOUSANDS	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2022	2023	2024E	2025E	2026E
Net sales	1,655	1,715	1,648	1,839	1,696	1,758	1,689	1,884	7,603	6,857	7,029	7,169	7,313
Sales growth %	-8%	-8%	-13%	-11%	3%	2%	3%	2%	-5%	-10%	2%	2%	2%
Maintenance expenses (Real estate)	-792	-372	-393	-467	-800	-400	-410	-474	-1,321	-2,024	-2,084	-2,126	-2,169
Direct operating expenses (Services)	-786	-779	-715	-818	-760	-760	-700	-759	-3,375	-3,098	-2,979	-2,895	-2,953
Net operating income	77	564	540	554	136	598	579	651	2,907	1,735	1,965	2,148	2,191
margin %	5%	33%	33%	30%	8%	34%	34%	35%	38%	25%	28%	30%	30%
Net gains on sale of properties	-77	-92	-28	34	0	0	0	0	-184	-163	0	0	0
Net fair value changes	-108	-29	-31	-1,625	0	0	0	0	2,180	-1,793	0	0	0
Selling, marketing and admin expenses	-162	-266	-210	-187	-140	-240	-200	-193	-1,046	-825	-773	-789	-804
Other operating income	0	-33	0	0	0	0	0	0	-162	-33	0	0	0
Associates	144	3,129	438	1,265	300	300	300	1,100	561	4,976	2,000	2,080	2,163
EBIT	-126	3,273	709	41	296	658	679	1,558	4,255	3,897	3,192	3,439	3,549
margin %	-8%	191%	43%	2%	17%	37%	40%	83%	56%	57%	45%	48%	49%
EBIT adjusted incl. associates	59	3,394	768	1,632	296	658	679	1,558	2,259	5,853	3,192	3,439	3,549
margin %	-5%	15%	20%	20%	0%	20%	22%	24%	22%	13%	17%	19%	19%
Financial income	82	65	66	141	80	80	80	114	246	354	354	354	354
Financial expenses	-146	-177	-180	-341	-200	-200	-200	-244	-485	-844	-844	-562	-562
Profit before taxes	-190	3,161	595	-159	176	538	559	1,428	4,016	3,408	2,703	3,231	3,341
Taxes	5	-44	-77	103	-21	-65	-67	-171	-795	-13	-324	-388	-401
Net profit	-185	3,117	517	-56	155	473	492	1,257	3,221	3,395	2,378	2,843	2,940
Cash flow hedges	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit of the period	-185	3,117	517	-56	155	473	492	1,257	3,221	3,395	2,378	2,843	2,940
EPS	-0.03	0.49	0.08	-0.01	0.02	0.07	0.08	0.20	0.51	0.53	0.37	0.44	0.46
Minority interest	0	0	0	0	0	0	0	0	0	56	0	0	0
Net profit attributable to shareholders	-185	3,117	517	-56	155	473	492	1,257	3,221	3,451	2,378	2,843	2,940
EPS attributable to shareholders	-0.03	0.49	0.08	-0.01	0.02	0.07	0.08	0.20	0.27	0.84	0.37	0.48	0.50

Source: Company data and Nordea estimates

## DIVISIONAL ESTIMATES

Real estate													
Net sales	853	824	851	893	879	849	877	920	3,309	3,421	3,524	3,595	3,666
Net sales growth %	7%	4%	-3%	6%	3%	3%	3%	3%	-15%	3%	3%	2%	2%
Net fair value changes	-108	-29	-31	-1,025	0	0	0	0	2,241	-1,193	0	0	0
Associate income	144	3,129	438	1,265	300	300	300	1,100	561	4,976	2,000	2,080	2,163
EBIT	20	3,460	837	700	379	749	767	1,545	4,590	5,017	3,440	3,549	3,661
margin %	2%	420%	98%	78%	43%	88%	87%	168%	139%	147%	98%	99%	100%
EBIT adj. incl. associates	205	3,581	896	1,691	379	749	767	1,545	2,548	6,373	3,440	3,549	3,661
margin%	0%	0%	0%	0%	0%	0%	0%	0%	77%	186%	98%	99%	100%
Services													
Net sales	802	891	797	946	818	909	813	965	4,294	3,436	3,504	3,575	3,646
Net sales growth %	-20%	-16%	-21%	-10%	2%	2%	2%	-10%	5%	5%	5%	5%	5%
EBIT	16	79	82	-473	58	149	113	206	712	-296	526	679	693
margin %	2%	9%	10%	-50%	7%	16%	14%	21%	17%	-9%	15%	19%	19%

Source: Company data and Nordea estimates

# Risk factors

In this section, we highlight the main risks that we find relevant to Investors House. We list these according to their relevance, with the most relevant at the top. The following is not an exhaustive list, but rather our view of some key risks for the company.

## **Changes in interest rates**

Rising interest rates will eventually push financial costs higher, which could have a significant impact on real estate companies. Investors House has a strong balance sheet but rising interest rates will have an impact on earnings. The company does not disclose its hedging strategy, which means forecasting increasing financial costs is difficult. Higher interest rates will also likely slow down the transaction market as funding becomes more expensive, which in turn could lower the value of properties and make divestments more difficult. This could hamper Investors House's ability to pursue value-creative investments in the future.

## **Small size**

The company's small size adds volatility to future earnings, both on the downside and the upside. Investor House's low liquidity could also pose a risk for investors, as it can be difficult to buy or sell a large stake in the company.

## **Dependent on a few key people**

The current strategy and growth have been driven by a few key people (CEO, chairman and vice chairman), making them crucial to the company. It could significantly impact Investors House's development if they were to leave the company, although we find this unlikely.

## **Competition**

Investors House is still a small player, but the company will start competing against larger players as it grows, making it more difficult to differentiate itself. Over the past years, Investors House has increased its share of service business, which will make it more vulnerable to competition from service providers and less vulnerable to real estate peers.

## **Strong transaction focus**

Investors House has grown its property portfolio rapidly and is expected to continue rotating its assets. The current strong transaction market has supported property prices and favoured property divestments. If this market were to slow down and property prices faced downward pressure, it would make asset disposals slower or more challenging and could reduce gains on disposals.

## **Macroeconomic factors**

Changes in economic factors such as GDP development, inflation and the level of housing production have already started to affect real estate companies such as Investors House. A downturn in the economy would have an adverse effect on the Finnish housing market and thus impact Investors House's operations. An economic downturn would likely make homebuyers more cautious and thus put pressure on prices, as well as increase vacancy risk.

## **Risk of value dilution**

The company has grown rapidly, funding part of its expansion through share issues. This has a dilutive effect on EPS development. Additional share issues could further dilute value and pose the risk of a lower dividend per share.

## **Legal, tax and political risks**

Changes in regulations, tax rules or development restrictions could have negative ramifications for Investors House.

# Reported numbers and forecasts

## INCOME STATEMENT

EURt	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>Total revenue</b>	<b>3,134</b>	<b>6,449</b>	<b>8,276</b>	<b>11,461</b>	<b>9,465</b>	<b>8,043</b>	<b>7,603</b>	<b>6,857</b>	<b>7,029</b>	<b>7,169</b>	<b>7,313</b>
Revenue growth	117.9%	105.8%	28.3%	38.5%	-17.4%	-15.0%	-5.5%	-9.8%	2.5%	2.0%	2.0%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	4,505	5,981	4,683	3,953	-504	-834	4,256	3,897	3,192	3,439	3,549
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	4,505	5,981	4,683	3,953	-504	-834	4,256	3,897	3,192	3,439	3,549
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	4,505	5,981	4,683	3,953	-504	-834	4,256	3,897	3,192	3,439	3,549
of which associates	1,356	1,056	653	-584	-2,782	1,858	561	4,976	2,000	2,080	0
Associates excluded from EBIT	0	0	0	0	0	n.a.	0	0	0	0	0
Net financials	-281	-422	-591	-1,213	-1,116	-615	-239	-490	-490	-208	-208
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>4,224</b>	<b>5,559</b>	<b>4,092</b>	<b>2,740</b>	<b>-1,620</b>	<b>-1,449</b>	<b>4,017</b>	<b>3,408</b>	<b>2,703</b>	<b>3,231</b>	<b>3,341</b>
Reported taxes	-457	-512	-1,948	-657	91	446	-795	-13	-324	-388	-401
Net profit from continued operations	3,767	5,047	2,144	2,083	-1,529	-1,003	3,222	3,395	2,378	2,843	2,940
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	-433	0	-137	0	56	0	0	-55
Net profit to equity	3,767	5,047	2,144	1,650	-1,529	-1,140	3,222	3,451	2,378	2,843	2,885
<b>EPS, EUR</b>	<b>1.14</b>	<b>1.12</b>	<b>0.35</b>	<b>0.27</b>	<b>-0.25</b>	<b>-0.18</b>	<b>0.50</b>	<b>0.54</b>	<b>0.37</b>	<b>0.44</b>	<b>0.45</b>
DPS, EUR	0.19	0.21	0.23	0.25	0.27	1.29	0.31	0.33	0.35	0.37	0.39
of which ordinary	0.19	0.21	0.23	0.25	0.27	0.29	0.31	0.33	0.35	0.37	0.39
of which extraordinary	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	143.7%	92.7%	56.6%	34.5%	-5.3%	-10.4%	56.0%	56.8%	45.4%	48.0%	48.5%
EBITA	143.7%	92.7%	56.6%	34.5%	-5.3%	-10.4%	56.0%	56.8%	45.4%	48.0%	48.5%
EBIT	143.7%	92.7%	56.6%	34.5%	-5.3%	-10.4%	56.0%	56.8%	45.4%	48.0%	48.5%

## Adjusted earnings

EBITDA (adj)	2,699	3,394	3,611	5,273	333	4,149	2,260	3,897	3,192	3,439	3,549
EBITA (adj)	2,699	3,394	3,611	5,273	333	4,149	2,260	3,897	3,192	3,439	3,549
EBIT (adj)	2,699	3,394	3,611	5,273	333	4,149	2,260	3,897	3,192	3,439	3,549
EPS (adj, EUR)	0.57	0.55	0.17	0.48	-0.18	0.53	0.27	0.54	0.37	0.44	0.45

## Adjusted profit margins in percent

EBITDA (adj)	86.1%	52.6%	43.6%	46.0%	3.5%	51.6%	29.7%	56.8%	45.4%	48.0%	48.5%
EBITA (adj)	86.1%	52.6%	43.6%	46.0%	3.5%	51.6%	29.7%	56.8%	45.4%	48.0%	48.5%
EBIT (adj)	86.1%	52.6%	43.6%	46.0%	3.5%	51.6%	29.7%	56.8%	45.4%	48.0%	48.5%

## Performance metrics

CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	72.4%	45.8%	20.7%	3.3%	-3.7%	-9.3%	-5.4%	-1.9%
EBITDA	n.m.	n.m.	n.m.	38.9%	n.m.	n.m.	-6.6%	-3.6%	-4.2%	n.m.	n.m.
EBIT	n.a.	n.a.	n.a.	38.9%	n.m.	n.m.	-6.6%	-3.6%	-4.2%	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	-10.2%	n.m.	n.m.	-14.8%	9.3%	6.9%	n.m.	n.m.
DPS	n.m.	n.m.	n.m.	20.1%	9.7%	8.8%	8.1%	7.5%	7.0%	6.5%	6.1%
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.m.	76.2%	48.0%	30.4%	25.8%	24.8%	25.7%	38.0%	51.0%
Average EBITDA margin	n.a.	n.a.	n.m.	76.2%	48.0%	30.4%	25.8%	24.8%	25.7%	38.0%	51.0%

## VALUATION RATIOS - ADJUSTED EARNINGS

EURt	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E (adj)	n.a.	n.a.	34.6	13.5	n.m.	10.5	17.8	9.4	14.2	11.9	11.7
EV/EBITDA (adj)	n.a.	n.a.	20.7	10.8	167.6	12.5	19.2	10.5	14.1	13.6	13.2
EV/EBITA (adj)	n.a.	n.a.	20.7	10.8	167.6	12.5	19.2	10.5	14.1	13.6	13.2
EV/EBIT (adj)	n.a.	n.a.	25.3	9.8	17.9	22.6	25.5	n.m.	37.8	34.5	13.2

## VALUATION RATIOS - REPORTED EARNINGS

EURt	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	n.a.	n.a.	17.3	24.2	n.m.	n.m.	9.5	9.4	14.2	11.9	11.7
EV/Sales	n.a.	n.a.	9.04	4.99	5.90	6.45	5.69	5.97	6.41	6.55	6.40
EV/EBITDA	n.a.	n.a.	18.6	12.6	24.5	n.m.	11.7	n.m.	37.8	34.5	13.2
EV/EBITA	n.a.	n.a.	18.6	12.6	24.5	n.m.	11.7	n.m.	37.8	34.5	13.2
EV/EBIT	n.a.	n.a.	18.6	12.6	24.5	n.m.	11.7	n.m.	37.8	34.5	13.2
Dividend yield (ord.)	n.a.	n.a.	3.8%	3.9%	4.7%	5.2%	6.5%	6.5%	6.6%	7.0%	7.4%
FCF yield	n.a.	n.a.	-13.2%	-28.8%	-6.3%	38.5%	1.9%	14.1%	-1.3%	1.0%	7.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	0.7%	3.9%	2.3%	-2.1%	1.9%	-2.9%	-1.3%	1.0%	7.4%
Payout ratio	33.5%	38.3%	132.6%	52.2%	n.m.	243.8%	114.9%	61.1%	94.0%	83.2%	86.4%

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURt	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Intangible assets	1,350	1,389	2,933	3,142	2,846	5,391	6,173	6,177	6,177	6,177	6,177
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	39	105	329	33	614	686	488	488	488	488
of which goodwill	1,350	1,350	2,828	2,813	2,813	4,777	5,487	5,689	5,689	5,689	5,689
Tangible assets	38,559	57,816	71,263	42,124	45,887	34,094	34,664	28,669	29,092	29,523	29,963
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	1,844	13,583	14,296	24,929	15,851	745	1,306	5,922	7,922	10,002	10,002
Interest bearing assets	0	0	0	0	10	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	684	665	876	791	791	791	791
Other non-IB non-current assets	498	208	232	205	472	3,728	3,319	2,686	2,686	2,686	2,686
Other non-current assets	0	0	0	0	0	0	0	0	0	0	0
Total non-current assets	42,251	72,996	88,724	70,400	65,750	44,623	46,338	44,245	46,668	49,179	49,619
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	556	1,187	1,461	1,101	1,094	1,211	1,507	696	713	728	742
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	272	10	148	0	106	78	72	89	91	93	95
Cash and bank	509	1,465	2,323	4,844	3,181	17,399	6,543	8,516	5,953	4,059	4,206
Total current assets	1,337	2,662	3,932	5,945	4,381	18,688	8,122	9,301	6,757	4,880	5,043
Assets held for sale	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total assets</b>	<b>43,588</b>	<b>75,658</b>	<b>92,656</b>	<b>76,345</b>	<b>70,131</b>	<b>63,311</b>	<b>54,460</b>	<b>53,546</b>	<b>53,425</b>	<b>54,059</b>	<b>54,662</b>
Shareholders equity	21,695	46,128	46,815	43,477	37,562	36,239	32,113	33,619	33,889	34,496	35,017
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	19	2,671	1,200	1,140	475	425	335	335	335	390
Total Equity	21,695	46,147	49,486	44,677	38,702	36,714	32,538	33,954	34,224	34,831	35,407
Deferred tax	1,466	1,490	1,921	925	1,005	446	1,183	1,080	1,080	1,080	1,080
Long term interest bearing debt	18,273	21,408	28,641	18,017	18,364	18,512	16,553	9,039	9,039	9,039	9,039
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	19,739	22,898	30,562	18,942	19,369	19,338	18,036	10,542	10,119	10,119	10,119
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	879	2,041	3,909	9,818	7,728	3,989	1,691	1,300	1,332	1,359	1,386
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	17	249	0	0	0	0	0	0	0	0	0
Short term interest bearing debt	1,259	4,323	8,699	2,908	4,332	3,270	2,195	7,750	7,750	7,750	7,750
Total current liabilities	2,155	6,613	12,608	12,726	12,060	7,259	3,886	9,050	9,082	9,109	9,136
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>43,589</b>	<b>75,658</b>	<b>92,656</b>	<b>76,345</b>	<b>70,131</b>	<b>63,311</b>	<b>54,460</b>	<b>53,546</b>	<b>53,425</b>	<b>54,059</b>	<b>54,662</b>
<b>Balance sheet and debt metrics</b>											
Net debt	19,023	24,266	35,017	16,081	19,505	4,383	12,205	8,273	10,836	12,730	12,583
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	-68	-1,093	-2,300	-8,717	-6,528	-2,700	-112	-515	-528	-538	-549
Invested capital	42,183	71,903	86,424	61,683	59,222	41,923	46,226	43,730	46,140	48,641	49,070
Capital employed	41,227	71,878	86,826	65,602	61,398	58,496	51,286	50,743	51,013	51,620	52,196
ROE	19.0%	14.9%	4.6%	3.7%	-3.8%	-3.1%	9.4%	10.5%	7.0%	8.3%	8.3%
ROIC	6.1%	4.8%	3.6%	5.7%	0.4%	n.a.	4.1%	6.9%	5.7%	5.8%	5.8%
ROCE	7.8%	6.1%	4.6%	6.9%	0.6%	n.a.	4.6%	8.3%	7.0%	7.4%	7.5%
Net debt/EBITDA	4.2	4.1	7.5	4.1	n.m.	n.m.	2.9	2.1	3.4	3.7	3.5
Interest coverage	15.9	13.1	7.5	3.2	-0.4	-1.1	9.3	5.0	4.2	6.7	6.9
Equity ratio	49.8%	61.0%	50.5%	56.9%	53.6%	57.2%	59.0%	62.8%	63.4%	63.8%	64.1%
Net gearing	87.7%	52.6%	70.8%	36.0%	50.4%	11.9%	37.5%	24.4%	31.7%	36.5%	35.5%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

EURt	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
<b>EBITDA (adj) for associates</b>	<b>3,149</b>	<b>4,925</b>	<b>4,030</b>	<b>4,537</b>	<b>2,278</b>	<b>-2,692</b>	<b>3,695</b>	<b>-1,079</b>	<b>1,192</b>	<b>1,359</b>	<b>3,549</b>
Paid taxes	-235	-133	-357	-273	-507	328	-795	-13	-324	-388	-401
Net financials	-281	-422	-587	-1,767	-1,087	-615	-239	-381	-490	-208	-208
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	-492	290	-24	27	-951	-2,857	118	841	-423	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-1,413	-3,244	-2,330	-649	6,910	5,684	-1,936	714	0	0	0
<b>Funds from operations (FFO)</b>	<b>728</b>	<b>1,416</b>	<b>732</b>	<b>1,875</b>	<b>6,643</b>	<b>-153</b>	<b>843</b>	<b>82</b>	<b>-45</b>	<b>763</b>	<b>2,940</b>
Change in NWC	-82	33	310	810	-4,952	-97	135	0	13	11	11
<b>Cash flow from operations (CFO)</b>	<b>646</b>	<b>1,449</b>	<b>1,042</b>	<b>2,685</b>	<b>1,692</b>	<b>-250</b>	<b>978</b>	<b>82</b>	<b>-32</b>	<b>774</b>	<b>2,951</b>
Capital expenditure	-386	-578	-773	-1,126	-897	-465	-397	-1,013	-423	-431	-440
<b>Free cash flow before A&amp;D</b>	<b>260</b>	<b>871</b>	<b>269</b>	<b>1,559</b>	<b>795</b>	<b>-715</b>	<b>581</b>	<b>-931</b>	<b>-455</b>	<b>342</b>	<b>2,511</b>
Proceeds from sale of assets	1,231	2,315	833	15,480	2,000	17,500	0	5,479	0	0	0
Acquisitions	-3,869	-737	-6,012	-28,539	-5,000	-3,500	0	0	0	0	0
Free cash flow	-2,378	2,449	-4,910	-11,500	-2,205	13,285	581	4,548	-455	342	2,511
Free cash flow bef A&D, lease adj	260	871	269	1,559	795	-715	581	-931	-455	342	2,511
Dividends paid	-563	-629	-1,298	-1,422	-1,546	-1,669	-7,975	-1,981	-2,108	-2,236	-2,364
Equity issues / buybacks	0	1,167	0	0	0	0	0	0	0	0	0
Net change in debt	5,271	-1,138	2,983	15,500	5,000	6,500	7,000	7,000	0	0	0
Other financing adjustments	0	0	0	0	0	10	0	0	0	0	0
Other non-cash adjustments	-2,033	-893	4,083	-57	-2,912	-3,908	-10,461	-7,594	0	0	0
Change in cash	297	956	858	2,521	-1,663	14,218	-10,856	1,973	-2,563	-1,894	147
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	12.3%	9.0%	9.3%	9.8%	9.5%	5.8%	5.2%	14.8%	6.0%	6.0%	6.0%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	6	6	6	6	5	5	5	5	5
Market cap.	n.a.	n.a.	37,094	39,876	35,239	34,497	30,668	32,329	33,862	33,862	33,862
Enterprise value	n.a.	n.a.	74,782	57,157	55,884	51,855	43,298	40,937	45,033	46,927	46,835
Diluted no. of shares, year-end (t)	3,310.8	6,182.3	6,182.3	6,182.3	6,182.3	6,182.3	6,389.1	6,389.1	6,389.1	6,389.1	6,389.1

Source: Company data and Nordea estimates

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This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

**Market-making obligations and other significant financial interest**

Nordea has no market-making obligations in Investors House shares.

As of 11/02/2024, Nordea Abp holds no positions of 0.5% or more of shares issued by Investors House.

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

**Investment banking transactions and/or services**

In view of Nordea's position in its markets, readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking and/or ancillary services to the company/ companies.

**Issuer Review**

*This report has not been reviewed by the Issuer prior to publication.*

**Completion Date**

12 Feb 2024, 22:11 CET

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